

Message Text

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ACTION EUR-12

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DEPT. PASS TREASURY FOR SYVRUD

E.O. 11652: N/A

TAGS: EFIN, PO

SUBJ: PORTUGAL'S 1976 CENTRAL GOVERNMENT BUDGET

REF: LISBON 6603

1. GOP HAS PROVIDED FOLLOWING REVISED PROJECTIONS FOR 1976 CENTRAL GOVERNMENT BUDGET. THESE PROJECTIONS ARE DIVIDED INTO TWO POSSIBLE ALTERNATIVES. ALTERNATIVE 1, WHICH FORESEES A DEFICIT OF \$1,116 MILLION (ESCUDOS 34,735 MILLION), TAKES INTO ACCOUNT ONLY THOSE EXPENDITURES WHICH HAD BEEN AUTHORIZED BY MID-AUGUST. THE OTHER ALTERNATIVE, WHICH FORESEES A DEFICIT OF \$1,490 MILLION (ESCUDOS 46,363 MILLION) INCLUDES ALL AUTHORIZED EXPENDITURES AS WELL AS EXPENDITURE REQUESTS UNDER CONSIDERATION AND LIKELY TO BE APPROVED.

2. TABLE FOLLOWS:

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PORTUGAL'S 1976 CENTRAL GOVERNMENT BUDGET

(MILLIONS OF DOLLARS)

	1975 1/	1976 2/	
	ESTIMATE ESTIMATE		
	I	II	
ORDINARY RECEIPTS	1,992.3	2,418.3	2,418.3
DIRECT TAXES	591.3	741.6	741.6
INDIRECT TAXES	1,107.2	1,331.5	1,331.5
OTHER ORDINARY			
RECEIPTS	159.6	206.4	206.4
ALL OTHER	134.2	138.8	138.8
EXTRAORDINARY RECEIPTS	129.5	80.8	80.8
TOTAL RECEIPTS	2,121.8	2,499.1	2,499.1
ORDINARY EXPENDITURES	1,915.9	2,273.4	2,388.1
PUBLIC DEBT			
SERVICING	157.4	212.2	212.2
OTHER ORDINARY			
EXPENDITURES	1,758.5	2,061.2	2,175.9
EXTRAORDINARY			
EXPENDITURES	1,265.2	1,341.7	1,600.5
DEFENSE	312.2	67.4	67.4
PLANNED INVESTMENTS	485.7	651.4	660.1
CAPITAL INCREASES	-	96.4	257.0
DECOLONIZATION AND			
COOPERATION	315.7	305.2	311.6
SUBSIDIES - C.P.			
AND T.A.P.	101.9	138.2	208.8 3/
OTHER EXPENDITURES	49.7	83.1	95.6
TOTAL EXPENDITURES	3,181.1	3,615.1	3,988.6
DEFICIT	1,059.3	1,116.0	1,489.5
PERCENTAGE OF TOTAL			
EXPENDITURES	33.3	30.9	37.3

FOOTNOTES: 1/ - FOR 1975 - U.S.\$1 EQUALS E27.472 (PERIOD
AVERAGE)
2/ - FOR 1976 - U.S.\$1 EQUALS E31.126
3/ - INCLUDING THE SUPPLY FUND (\$38.6 MILLION)

3. COMMENT: EMBASSY BELIEVES THAT CENTRAL BUDGET
RESULTS WILL PRODUCE A DEFICIT APPROXIMATELY THAT SHOWN
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IN ALTERNATIVE 2, I.E. ALMOST U.S. \$1,490 MILLION. DEFICIT
WOULD THUS APPROACH SOME 37 PERCENT OF TOTAL CENTRAL GOVERN-
MENT OUTLAYS AND WOULD EQUAL SOME 10 PERCENT OF GNP,
WHICH GOP IS ESTIMATING AT U.S. \$14.8 BILLION (ESCUDOS
461,538 MILLION). THIS DEFICIT FIGURE SHOULD BE CLEARLY
DISTINGUISHED FROM THE 60 BILLION ESCUDOS MENTIONED BY THE
MINISTER OF FINANCE TO TREASURY AND EMBASSY OFFICIALS
AND FROM THE 90 BILLION ESCUDOS DEFICIT FIGURE REPORTED

REFTEL. FORMER, WHICH WAS PROBABLY ON THE HIGH SIDE,
INCLUDED BOTH CENTRAL GOVERNMENT BUDGET AND SOCIAL SECURITY
FUND DEFICITS. LATTER INCLUDED TOTAL PUBLIC SECTOR DEFICIT,
WHETHER FINANCED THROUGH THE BUDGET OR SUCH OTHER CHANNELS
AS THE BANKING SYSTEM.
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